

IRS Fact Sheet

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

Tax-Exempt Organizations and Political Activities

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Under law, tax-exempt organizations described in section 501(c)(3) of the Internal Revenue Code are prohibited from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office. Charities, educational institutions and religious organizations, including churches, are among those that are covered under this code section.

These organizations cannot endorse any candidates, make donations to their campaigns, engage in fund raising, distribute statements, or become involved in any other activities that may be beneficial or detrimental to any particular candidate. Even activities that encourage people to vote for or against a particular candidate on the basis of nonpartisan criteria violate the political campaign prohibition of section 501(c)(3).

As it has in recent presidential election cycles, the Internal Revenue Service has taken steps to educate such organizations about their responsibilities, including:

- On April 28, 2004, the IRS issued an advisory to charities that they should be careful that their efforts to educate voters comply with federal requirements concerning political campaign activities.
- On June 10, 2004, the IRS sent a letter to the nation's political parties reminding them about the guidelines for political activities by charitable organizations.

Over the course of the year, the IRS has reviewed information alleging improper political intervention by more than 100 charities, churches and other tax-exempt groups.

Because of heightened concerns about improper political activities during the election season, the IRS created a committee of career civil servants who are experts in the tax-exempt area to review the allegations. This team selected more than 60 cases that merited examination. Over the last several months, the IRS has been contacting these organizations asking for information about alleged improper political activities.

While under law the IRS cannot disclose the names of these groups, the organizations being examined represent a broad cross-section of the tax-exempt community and a wide range of viewpoints. About a third of the groups are churches, with the remainder being other types of charitable organizations.

Under the law, political intervention by a tax-exempt organization carries a variety of possible consequences. It can result in the organization losing its tax-exempt status or paying a tax. In less serious situations, the IRS may require corrective actions from the group.

“Our obligation is to enforce the law, which prohibits all charities from engaging in political activities,” said IRS Commissioner Mark W. Everson.

“By law, the Internal Revenue Service cannot comment regarding any compliance activities involving specific tax-exempt organizations. Law-enforcement decisions at the IRS are made without regard to political considerations,” Everson said.

“The IRS follows strict procedures involving the selection of tax-exempt organizations for audit and resolution of any complaints about such groups. Career civil servants, not political appointees, make these decisions in a fair, impartial manner,” Everson said. “Any suggestion that the IRS has tilted its audit activities for political purposes is repugnant and groundless.”